

Sonal Badhan  
Economist

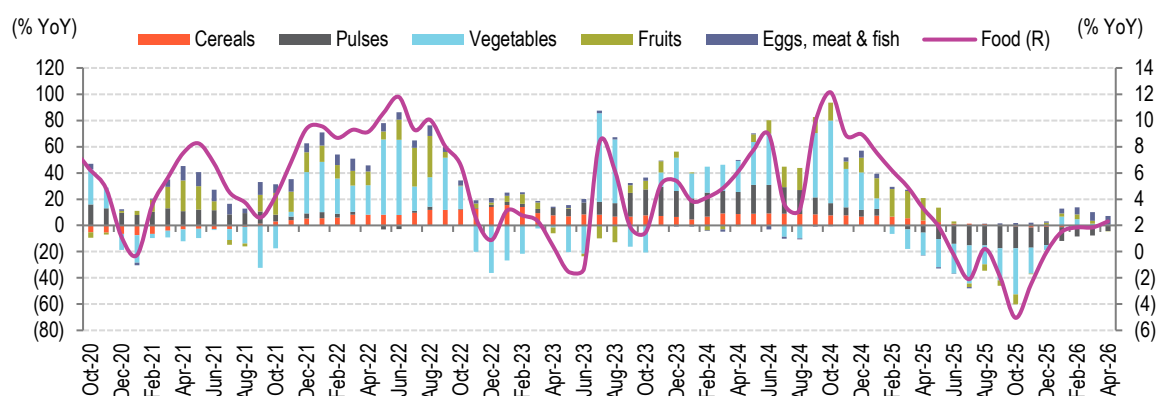
## **WPI under pressure**

WPI inflation rose to 8.3% in Apr'26 versus 0.9% increase in Apr'25. Inflation was also higher than 3.9% increase in Mar'26. Compared with last year (Apr'25), while food inflation still remains in check, the rise was largely on account of fuel inflation and manufactured products inflation. This is due to continued rise in international crude oil prices, as there is growing uncertainty related to peace deal between US and Iran. Renewed tensions in the gulf and closure of Strait of Hormuz are also impacting oil and metal prices. Fuel inflation rose to 24.7% in Apr'26 and manufactured inflation to 4.6%. Mineral oil index rose the most, led by rise in index for ATF, Naphtha petrol, diesel, and furnace oil. Within manufactured products, basic metals, machinery, textiles, chemicals, pharmaceutical products and other manufacturing led the rise. As a result, core inflation rose to 5% in Apr'26. Going forward, oil and metal prices are expected to remain elevated in the near-term. This will have further upside impact on headline WPI in the coming months.

### **Food inflation continues to provide support:**

Headline WPI inflation rose to its highest since Oct'22 to 8.3% in Apr'26. It is also higher than 0.9% noted last year (Apr'25) and 3.9% last month (Mar'26). Compared to Apr'25, food inflation was lower at 2.3% versus 3.3% last year. This was largely on account of muted inflation recorded in food grains, fruits, and other items. Vegetables, milk, eggs/meat/fish, and spices registered further increase compared with last year. Vegetable inflation rose to 0.5% from (-) 17.2% last year, due to base effect. Within vegetables, potato and onion prices continue to decline, while tomato, ginger, cauliflower, okara, cabbage, carrot added to upside pressures. Milk inflation was up from 1.1% last year to 2.6% this year, and eggs, meat and fish component registered a rise from (-) 0.3% in Apr'25 to 6.7%. Foodgrain inflation remains weak (-1% versus 2% last year), led by further drop in cereal inflation (-0.3% versus 3.9%) and continued deflation in pulses (-4% versus -5.6%). Within cereals, wheat has recorded sharper slowdown in inflation (0.4% versus 7.4%), compared with paddy (0.3% versus 2%). Internationally, as per World Bank's pink sheet data, the trend is different. Wheat prices have increased further by 12.6% in Apr'26 versus -6.2% in Apr'25) and pace of decline in price of rice has slowed (-3.2% versus -31%). Overall, at the start of FY27, WPI is noting greater upside pressure. Food inflation may also begin inching up depending upon the progress of the monsoon in the coming months.

**Figure 1: Food inflation continues to provide cushion so far**



Source: CEIC, Bank of Baroda Research

**Fuel and power inflation stirs headline inflation:**

Fuel and power inflation rose to 42-month high of 24.7% in Apr’26, as the impact of US-Iran war on international oil prices becomes more clearly visible. It was up from (-) 3.8% in Apr’25 and 1.1% in Mar’26. Compared to the previous year, inflation index for mineral oil segment registered most significant increase to 39.5% in Apr’26 from (-) 5.6% last year. Coal inflation rose by 1.4%, up from 0.1% in Apr’25. World Bank data shows that internationally, coal prices rose by 16.2% in Apr’26 following (-) 19% decline in Apr’25. Domestically, electricity index in contrast continued to decline at the same pace as last year (-0.9%).

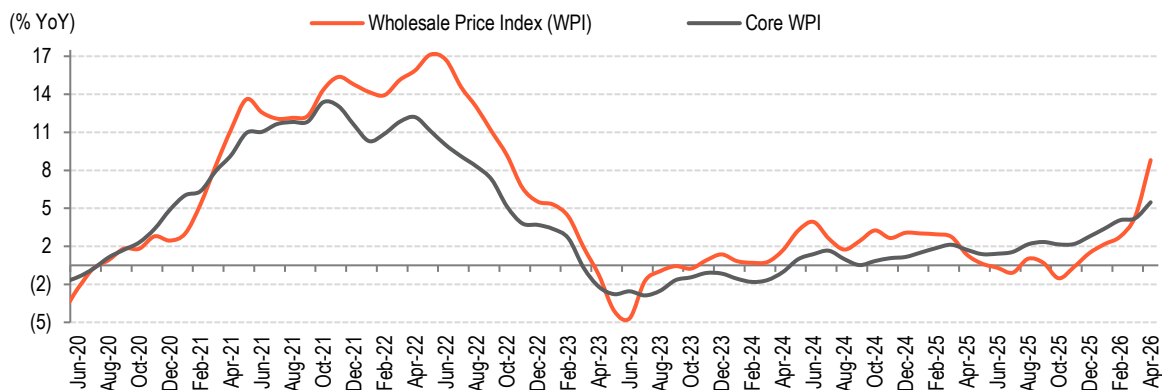
Internationally, crude oil prices rose sharply in YoY terms in Apr’26 by 54.2% (39.4% in Mar’26 and - 25.3% in Apr’25) as their remains uncertainty around peace deal between US and Iran and tensions have further escalated between the two countries. In addition to this, depreciating rupee also impacts import prices. Domestically, within mineral oils, inflation index for ATF registered more than 100% increase (YoY), which was followed by notable increase Naphtha, furnace oil, petrol, kerosene and diesel, compared with last year. In May’26 so far, international oil prices are trading even higher (67.7% YoY). If a peace deal is not reached soon then a prolonged war can have impact on domestic fuel inflation. Pressure on rupee will also exert more upward pressure.

**Core WPI inches further up:**

Core inflation was at 43-month high of 5% in Apr’26, up from 1.2% in Apr’25 and 3.7% in Mar’26. Manufactured product inflation also to 4.6% (highest since Sep’22), from 2.6% last year (Apr’25) and 3.4% last month (Mar’26). Of the 22 commodity sub-indices, 13 indices rose at a faster pace in Apr’26 than Apr’25 led by—basic metals, other manufacturing, textiles, machinery and equipment, electrical equipment, non-metallic mineral products and chemicals and pharmaceutical products.

Inflation for key metals shows that index for aluminium rose at faster pace (19.2% versus 3.9%). Copper price index also remained unchanged at elevated levels (15.3%). Price index for Zinc recorded marginal easing (6.3% versus 6.5%). Lead price index on the other hand moderated more notably in Apr’26 (1.1% versus 3.4%). In comparison, international prices are showing an upward trend for all metals. Price of Aluminium was up by 51.8% in Apr’26 versus -5.4% in Apr’25. Copper registered 41.1% increase (-3% in Apr’25), Zinc was up by 28.3% (-4.1%) and Lead prices rose by 1.4% (-10.6%).

**Figure 2: Core inflation continues to inch up**



Source: CEIC, Bank of Baroda Research

**Conclusion:**

- Headline WPI inflation rose to its highest since Oct'22 to 8.3% in Apr'26. It is also higher than 0.9% noted last year (Apr'25) and 3.9% last month (Mar'26).
- Compared to Apr'25, food inflation was lower at 2.3% versus 3.3% last year. This was largely on account of muted inflation recorded in food grains, fruits, and other items.
- Vegetables, milk, eggs/meat/fish, and spices registered further increase compared with last year.
- Fuel and power inflation rose to 42-month high of 24.7% in Apr'26, as the impact of US-Iran war on international oil prices becomes more clearly visible. It was up from (-) 3.8% in Apr'25 and 1.1% in Mar'26.
- Compared to the previous year, inflation index for mineral oil segment registered most significant increase to 39.5% in Apr'26 from (-) 5.6% last year. Coal inflation rose by 1.4%, up from 0.1% in Apr'25.
- Within mineral oils, inflation index for ATF registered more than 100% increase (YoY), which was followed by notable increase Naphtha, furnace oil, petrol, kerosene and diesel, compared with last year.
- Core inflation was at 43-month high of 5% in Apr'26, up from 1.2% in Apr'25 and 3.7% in Mar'26.
- Manufactured product inflation also to 4.6% (highest since Sep'22), from 2.6% last year (Apr'25) and 3.4% last month (Mar'26).
- This was led by rise in index for basic metals, other manufacturing, textiles, machinery and equipment, electrical equipment, non-metallic mineral products and chemicals and pharmaceutical products.

## **Disclaimer**

The views expressed in this research note are personal views of the author(s) and do not necessarily reflect the views of Bank of Baroda. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Bank of Baroda and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability with regard to the same. Bank of Baroda Group or its officers, employees, personnel, directors may be associated in a commercial or personal capacity or may have a commercial interest including as proprietary traders in or with the securities and/ or companies or issues or matters as contained in this publication and such commercial capacity or interest whether or not differing with or conflicting with this publication, shall not make or render Bank of Baroda Group liable in any manner whatsoever & Bank of Baroda Group or any of its officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time.

Visit us at [www.bankofbaroda.com](http://www.bankofbaroda.com)



---

**For further details about this publication, please contact:**

Economics Research Department

Bank of Baroda

[chief.economist@bankofbaroda.com](mailto:chief.economist@bankofbaroda.com)